

WASHINGTON WHISPERS

Ronald Reagan thinks he's figured how to outfox Congress on the deficit. The President intends to drop his budget on lawmakers and stand back while they wrestle with it. He will refuse to join in any negotiations until Congress is backed into a corner and ready to yield on key points. Aides tell him he can win 60 to 70 percent of the spending cuts that he wants.

But "Tip" O'Neill has other ideas. The reason the Democratic Speaker of the House came out swinging at Reagan as Congress resumed is that he's irked that the President always seems to escape blame for seeking to cut social programs. O'Neill vows to keep Reagan's feet to the fire all year.

Where intimates see Reagan coming down on spending and taxes by year's end: He will hold out until the last minute, then give way on some cuts in defense appropriations in return for deep reductions in social programs and no tax increase.

How strongly does George Shultz feel about the need to strike back at terrorists who inflict harm on Americans abroad? Friends say the Secretary of State is so determined that he might well resign if the U.S. fails to retaliate after the next attack.

Howard Baker is being urged by George Bush's backers to forget his own White House hopes and support the Vice President in the 1988 Republican race for the Presidency. In return, the former Senate majority leader would be promised a cabinet post such as Secretary of State or Treasury.

Mikhail Gorbachev may be proclaiming flexibility on arms control in public, but the Soviets are taking a tougher line in private. Moscow's negotiators in Geneva are demanding a ban on all Star Wars research that might lead to space-based weapons.

White House aides came away from a Reagan breakfast with Republican senators convinced that the lawmakers will be a lot less rebellious this year. The tip-off: Some of the warmest comments came from North Dakota's Mark Andrews, a thorn in the Presi-

When Reagan and O'Neill match wits

An offer Howard Baker can't refuse?

Bob Dole blocks out his role for '86

dent's side all of 1985 over the farm crisis and other issues.

Bob Dole has his role all blocked out to stay in the publicity spotlight this year for the Republican presidential nomination. The canny Senate majority leader from Kansas, sensing that nothing outrages voters more than the government's record budget deficit, plans to press harder for spending reductions than any



Senator Dole

of his rivals—particularly Vice President Bush and New York's Representative Jack Kemp.

Washington and Moscow are edging slowly closer to agreeing on dates for this year's U.S. summit between Reagan and Kremlin boss Gorbachev. They're leaning more toward the June time frame that the Americans wanted than the September period preferred by the Russians.

The White House is dropping its drive to get a \$1 billion arms package out of Congress for Saudi Arabia. Instead, officials will try to bypass resisting lawmakers by selling the Saudis some weapons on a piecemeal basis, starting later this year.

Chalk up a victory for Paul Volcker at the meeting of finance ministers in London. It was Volcker—backed by a frequent foe, Chairman Beryl Sprinkel of the Council of Economic Advisers—who led the way in shooting down moves to reduce interest rates of the five major industrial nations.

Labor Secretary William Brock is emerging as a surprise dark-horse candidate for president of the World Bank. Backers who've been sounding him out like Brock's experience as a trade negotiator with an international reputation.

Will John Poindexter, the President's new national-security adviser, side with Secretary of State Shultz or Defense Secretary Weinberger on U.S. arms-control policy? Poindexter isn't showing his hand yet, but insiders look for him to join Shultz in offering more concessions to the Soviets than Weinberger thinks wise.

There are more nervous bureaucrats than usual in Moscow these days. Word is that Kremlin chief Gorbachev will dramatize his crusade against corruption by putting a high government official on trial during February's Communist Party Congress.

Phony disaster claims are the newest scam being checked out by federal investigators. Officials expect indictments this spring of people accused of obtaining federal loans by using false names and bogus reports of property damage from heavy storms.

The threat of terrorism is being felt on Capitol Hill. Silent alarms connected to summon police are being installed in the offices of key congressional figures.

Feminist leaders have singled out three main champions to support in this year's elections. Maximum help will go to Democrats Barbara Mikulski of

WHISPERS

Maryland and Harriett Woods of Missouri in races for open seats in the Senate and to Republican Norma Paulus for governor in Oregon.

Reagan privately has surrendered to Congress on federal cigarette taxes. The President will go along with keeping the 16-cent-a-pack levy as lawmakers wanted, instead of allowing it to drop to 8 cents on March 15.

A new alliance between American Jews and gentile conservatives? Some leaders on both sides are talking about working together. Historically far apart, the two factions are finding common ground on backing Israel, the Soviet threat, supporting rebels against Marxist regimes. Top Democrats, who count heavily on Jews for campaign funds, are worried.

Democratic campaign strategists see a new chance for an upset in this year's Senate races. Party leaders rate freshman Republican Robert Kasten of Wisconsin ripe for the plucking.

The flap over using lie detectors to catch spies has some veteran intelligence agents chuckling. It turns out that one of the American civil servants recently arrested for espionage had taken a polygraph exam and flunked it badly—but nobody ever bothered to look at the results.

Ni slukha, ni dukha." That means "neither sight nor sound" in Russian, and that's what people in Moscow are saying about returned defector Vitaly Turchenko. The former KGB officer has dropped out of sight since flying back to the Soviet Union in November. Betting is that he's deep in Siberia, will never be heard from again.

Whatever happened to the crusade to amend the Constitution to bar abortions? The movement is so bogged down in Congress that prolife leaders didn't even raise the subject during a White House meeting with Reagan.

You'd think there'd be more than enough Pentagon waste to go around, but not for the top brass in Congress. Les Aspin of Wisconsin and Michigan's John Dingell, Democratic chairmen of two House committees, are feuding over who gets to expose the next round of outrageous military spending.

CAPITAL COMMENT

Awaiting the next blow

David R. Gergen on Washington

The current mood in Washington was well captured a few days ago when the Brookings Institution pulled together a conference asking participants to peer ahead into 1986.

Two of the speakers resorted to the same story—a tale of a small sign posted in a British village by the local Futurist Society. Its meeting that month, announced the society, had been canceled “due to unforeseen circumstances.”

As Congress and the White House return to work, Washington is increasingly gripped with uncertainty. At no time in recent memory has there been so much doubt about what a new year holds.

Every week, it seems, unexpected events come out of nowhere, streak across the sky and shatter the assumptions of the week before. Terrorists strike in Rome and Vienna, forcing new policies in Washington. Mikhail Gorbachev surprises the State Department with a sweeping new arms proposal, leaving key officials scrambling for a response.

Though long predicted, the sharp fall in oil prices has also spread a shock wave across the capital. The experts immediately upgraded prospects for an oil-import fee, downgraded prospects for the Democrats and whispered once again that Ronald Reagan is the luckiest politician on earth. The rise of OPEC may have been the undoing of Jimmy Carter; its collapse is a terrific windfall for Reagan.

But the oil story, as significant as it is, may soon be eclipsed by another big one that may be just ahead. Informed sources close to the case now speculate that a lower federal court is about to strike down the Gramm-Rudman Act that has recently held Washington in thrall.

Behind that speculation are memories that Antonin Scalia, senior judge on a three-member panel hearing the case, once studied the same issues when he worked at the Justice Department in the mid-'70s and arrived at conclusions that, in

the current context, would render Gramm-Rudman unconstitutional. When the case recently came before Scalia and his colleagues, he stiffly questioned the law's opponents, but insiders are still betting he will come down against it. And Scalia is such an enormously impressive jurist—indeed, he is a potential Reagan appointee to the Supreme Court—that he is thought likely to carry the argument with his fellow judges.

Should the lower court rule against Gramm-Rudman, the capital will be flooded with new uncertainties. The case will be sent to the Supreme Court for an expedited review where, according to one well-respected defender of Gramm-Rudman, chances for upholding the statute may be no better than 50-50. Should the Court also strike it down, the teeth would fall out of the law, and Washington would almost be back to where it started—in chaos.

Since both the Congress and the executive branch would want a quick review of any lower-court verdict, the Supreme Court would be apt to rule by summer. But in the interim, a lower-court ruling against the law would sow enough confusion that Washington would have great difficulty addressing the deficit issue.

All of these legal tangles only add to the anxiety about the budget process this year. Apprehensions are growing that after a brief interval in the early 1980s, when government seemed to be working again, Washington is returning to a state of paralysis.

In their moments of private candor, the politicians here confess there is no easy way out of today's uncertainties; there is no *deus ex machina*. The courts won't provide it—nor for that matter will Gramm-Rudman itself.

The only way out is the way that Washington, in periodic bursts of enlightenment, has discovered in the past: Through the exercise of political leadership wise enough to recognize what needs to be done and tough enough to do it.



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